

Page 85

1 Gary Seybold  
 2 You mean in terms of dollar amounts?  
 3 Q. No; just number of different lines  
 4 of credits.  
 5 MR. BOCCASSINI: A specific  
 6 time frame?  
 7 A. I would simply be guessing.  
 8 MR. TORBORG: At any specific  
 9 time during his time at CoreStates.  
 10 A. (Continued.) I would be guessing.  
 11 I mean, I honestly -- I would be guessing.  
 12 I just do not -- I would have to  
 13 think about all the relationships, think about  
 14 whether there was a borrowing relationship. I  
 15 would be guessing.  
 16 Q. Was it under ten?  
 17 A. Possibly.  
 18 Q. Was it over 50?  
 19 A. No.  
 20 MR. TORBORG: I have no more  
 21 questions for you, Mr. Seybold. Thank  
 22 you very much.  
 23 VIDEO SPECIALIST: That now  
 24 concludes this videotaped deposition and  
 25 Tape No. 1. The time is 11:38.

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1 Gary Seybold  
 2 (Witness excused.)  
 3 (Deposition concluded at 11:38  
 4 a.m.)  
 5 - - -  
 6  
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 11  
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 14  
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1 I have read the foregoing  
 2 transcript of my examination given on  
 3 Friday, September 24, 2004, and it is  
 4 true, correct and complete, to the best  
 5 of my knowledge, recollection, and  
 6 belief, except for the corrections noted  
 7 hereon and/or list of corrections, if  
 8 any, attached on a separate sheet  
 9 herewith.  
 10  
 11  
 12  
 13  
 14

-----  
 GARY SEYBOLD

15  
 16  
 17  
 18  
 19  
 20 Subscribed and sworn to  
 before me this \_\_\_\_ day  
 of \_\_\_\_\_, \_\_\_\_

21  
 22  
 23  
 24 -----  
 Notary Public  
 25

**Singleton Dep.**

**In The Matter Of:**

*AHERF v.  
PRICEWATERHOUSECOOPERS,L.L.P.*

---

**THOMAS W. SINGLETON**

*February 23, 2005*

---

***LEGALINK MANHATTAN***  
***420 Lexington Avenue - Suite 2108***  
***New York, NY 10170***  
***PH: 212-557-7400 / FAX: 212-692-9171***

**SINGLETON, THOMAS W.**



## THOMAS W. SINGLETON

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1 VIDEOTAPE DEPOSITION OF THOMAS W. SINGLETON,  
2 a witness, called by the Defendant for examination,  
3 in accordance with the Federal Rules of Civil  
4 Procedure, taken by and before G. Donavich, RPR, CRR,  
5 a Court Reporter and Notary Public in and for the  
6 Commonwealth of Pennsylvania, at the offices of  
7 Jones, Day, Reavis & Pogue, 500 Grant Street,  
8 31st Floor, Pittsburgh, PA 15219, on Wednesday,  
9 February 23, 2005, commencing at 9:11 a.m.

## 10 APPEARANCES:

## 11 FOR THE PLAINTIFF:

12 James E. Young, Esq.  
13 JONES, DAY, REAVIS & POGUE  
14 North Point  
15 901 Lakeside Avenue  
16 Cleveland, OH 44114-1190  
17 216-586-3939  
18 216-579-0212  
19 jamesyoung@jonesday.com  
20 and  
21 Laura Meaden, Esq.  
22 John Unice, Esq.

23 JONES, DAY, REAVIS & POGUE  
24 500 Grant Street, 31st Floor  
25 Pittsburgh, PA 15219  
412-391-3939

## FOR THE DEFENDANT:

17 Gregory E. Birkenstock, Esq.  
18 CRAVATH, SWAINE & MOORE, LLP  
19 Worldwide Plaza  
20 825 Eighth Avenue  
21 New York, NY 10019-7475  
22 212-474-1040  
23 212-474-3700  
24 gbirkenstock@cravath.com  
25 and  
Joseph McDonough, Esq.  
MANION McDONOUGH & LUCAS  
882 U.S. Steel Tower  
Pittsburgh, PA 15219  
412-232-0200

## ALSO PRESENT:

Matthew Martin, Videographer

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## PROCEEDINGS

THE VIDEOGRAPHER: This is the video operator speaking. My name is Matthew Martin of LegaLink Action Video, 420 Lexington Avenue, New York, New York. Today is February 23rd, 2005. The time indicated on the screen is 9:12 A.M.

We are at the offices of Jones Day, 500 Grant Street, Pittsburgh, Pennsylvania, 31st Floor, to take the videotaped deposition of Thomas Singleton in the matter of Allegheny Health, Education and Research Foundation versus PriceWaterhouse in the U.S. District for the Western District of Pennsylvania, Civil Action No. 00-684.

Will counsel please introduce themselves for the record.

MR. BIRKENSTOCK: Frank Birkenstock from Cravath, Swaine & Moore representing the defendant, PriceWaterhouseCoopers.

MR. McDONOUGH: Joseph McDonough with Mr. Birkenstock.

MS. MEADEN: Laura Meaden from Jones

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25

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Day on behalf of the plaintiff, the Official Committee of Unsecured Creditors of AHERF.

MR. YOUNG: James Young from Jones Day on behalf of the official committee.

THE VIDEOGRAPHER: If the court reporter will swear in the witness, we may begin.

THOMAS W. SINGLETON,  
being first duly sworn,  
was examined and testified as follows:

## EXAMINATION

BY MR. BIRKENSTOCK:

Q. Good morning, Mr. Singleton.

A. Good morning.

Q. Would you please state your name for the record.

A. Thomas W. Singleton.

Q. And you're appearing today as an expert witness on behalf of the plaintiffs in this case. Is that correct?

A. That is correct.

MR. BIRKENSTOCK: I would like to

2 (Pages 2 to 5)

THOMAS W. SINGLETON

<p style="text-align: right;">Page 6</p> <p>1 have marked as Exhibit No. 6012 a document that</p> <p>2 I'm sure the witness will recognize.</p> <p>3 -----</p> <p>4 (Deposition Exhibit No. 6012 marked</p> <p>5 for identification.)</p> <p>6 -----</p> <p>7 MR. BIRKENSTOCK: I would ask you,</p> <p>8 Mr. Singleton, if you recognize Exhibit 6012.</p> <p>9 THE WITNESS: Yes.</p> <p>10 BY MR. BIRKENSTOCK:</p> <p>11 Q. Could you tell me what it is, please?</p> <p>12 A. It is my report in regards to this case on the</p> <p>13 turn-around evaluation.</p> <p>14 Q. This is the original report you signed on, I</p> <p>15 believe, September 2nd of 2004. Is that right?</p> <p>16 A. I'll have to look, because I don't remember</p> <p>17 exactly the date I did sign it.</p> <p>18 -----</p> <p>19 (The witness reviewed the document.)</p> <p>20 -----</p> <p>21 THE WITNESS: Yes. September 2nd.</p> <p>22 BY MR. BIRKENSTOCK:</p> <p>23 Q. Okay. Have you testified at a deposition</p> <p>24 before?</p> <p>25 A. Yes.</p>	<p style="text-align: right;">Page 8</p> <p>1 A. Yes, I am.</p> <p>2 Q. I'll be asking you questions about the topics</p> <p>3 at issue here. If you don't understand any of</p> <p>4 the questions I ask you, please ask me to</p> <p>5 explain or clarify whatever the problem is that</p> <p>6 you have. Will you do that, please?</p> <p>7 A. Yes.</p> <p>8 Q. Thank you.</p> <p>9 Now, I note in Exhibit 1 you have a</p> <p>10 bachelor's degree from Vanderbilt University,</p> <p>11 and you have an MBA from the University of</p> <p>12 Chicago.</p> <p>13 Do you have any other formal</p> <p>14 education aside from those two degrees?</p> <p>15 A. No.</p> <p>16 Q. Are you a certified public accountant?</p> <p>17 A. No.</p> <p>18 Q. And since you said you have no other formal</p> <p>19 education than the degrees listed in your CV,</p> <p>20 is it correct then that you are not an MD?</p> <p>21 A. Yes. That is correct.</p> <p>22 Q. Would you turn, please, to Exhibit 2 of your</p> <p>23 report.</p> <p>24 A. Yes.</p> <p>25 Q. This is a list of five speaking engagements</p>
<p style="text-align: right;">Page 7</p> <p>1 Q. Have you done that on several occasions?</p> <p>2 A. Yes.</p> <p>3 Q. You testified once before as a witness in this</p> <p>4 case. Is that right?</p> <p>5 A. Yes.</p> <p>6 Q. Have you testified before as an expert witness</p> <p>7 in any other case?</p> <p>8 A. Yes.</p> <p>9 Q. How many times have you testified as an expert</p> <p>10 witness in other cases?</p> <p>11 A. Probably twice, to the best of my recollection.</p> <p>12 Q. Could you turn to Exhibit 1 of Exhibit 6012,</p> <p>13 please.</p> <p>14 A. Exhibit 1?</p> <p>15 Q. Exhibit 1.</p> <p>16 A. Oh, I see. I'm sorry. Okay.</p> <p>17 Q. Is this exhibit a copy of your recent</p> <p>18 curriculum vitae?</p> <p>19 A. Yes.</p> <p>20 Q. To your knowledge, is it an accurate copy of</p> <p>21 your CV?</p> <p>22 A. Yes. I believe it is.</p> <p>23 Q. You're familiar, I believe, generally with the</p> <p>24 structure of how a deposition works. Is that</p> <p>25 right?</p>	<p style="text-align: right;">Page 9</p> <p>1 from September of 2001 through November of</p> <p>2 2002.</p> <p>3 Other than these five speaking</p> <p>4 engagements, have you had any other speaking</p> <p>5 engagements in the last four years?</p> <p>6 A. Not to my recollection.</p> <p>7 Q. In any of these engagements that are listed on</p> <p>8 this exhibit, have you discussed your</p> <p>9 experiences with AHERF?</p> <p>10 A. I believe so.</p> <p>11 Q. In which of these engagements do you believe</p> <p>12 you've discussed your AHERF experiences?</p> <p>13 A. I really don't remember. This was the AHERF</p> <p>14 experience in 1998, not the current AHERF</p> <p>15 experience.</p> <p>16 Q. Right. And when you say "AHERF experience in</p> <p>17 1998," that is when you were retained to</p> <p>18 perform a turn-around evaluation on what is</p> <p>19 called the Delaware Valley Obligated Group of</p> <p>20 hospitals. Is that correct?</p> <p>21 A. Generally that is correct. There was a little</p> <p>22 more to it than that, but that is generally</p> <p>23 correct.</p> <p>24 Q. What was it that was more to it than my</p> <p>25 description.</p>

3 (Pages 6 to 9)

THOMAS W. SINGLETON

<p style="text-align: right;">Page 10</p> <p>1 A. Well, I think you have a copy of the engagement 2 letter. If you want me to answer that 3 question, I'll need to refer to that. 4 Q. We don't need to get into that right now. 5 On Exhibit 2 to your report, the 6 fourth engagement appears to be a panel 7 discussion concerning a distressed hospitals 8 case study. Is that correct? 9 A. That's what it says, yes. 10 Q. Do you have any independent recollection of 11 that engagement? 12 A. I really don't. 13 Q. Can you tell me whether the hospital that was 14 discussed there would be an AHERF hospital or 15 not? 16 A. No, I cannot. 17 Q. Can you tell us who your current employer is, 18 please. 19 A. Cambio Health Solutions, LLC. 20 Q. Now, is that an organization that was formerly 21 known as the Intensive Resources Group? 22 A. Yes. 23 Q. And could you explain just briefly the history 24 of Cambio or the Intensive Resources Group. 25 A. The Intensive Resource Group began as a</p>	<p style="text-align: right;">Page 12</p> <p>1 Will you turn, please, to the last 2 page of your report that is Exhibit 6012. You 3 note here just on the line above your signature 4 that you had not testified as an expert witness 5 within the last four years. Do you see that? 6 A. Yes. 7 Q. Have you testified as an expert witness since 8 the date of this report? 9 A. No. 10 Q. You told me earlier, I believe, that you had 11 testified previously as an expert witness. 12 Would that be then more than four years ago? 13 A. Yes. 14 Q. Can you tell me how many times you have 15 testified as an expert witness. 16 A. At least once, possibly twice, both in a 17 bankruptcy environment, so it's not quite as 18 clear as it is in this environment whether it 19 was an expert witness or not. 20 Q. You say at least once. Is there one particular 21 occasion you remember somewhat clearly? 22 A. Yes. 23 Q. And what was that? 24 A. It was a situation where I was an expert 25 witness on evaluation of a couple of hospitals.</p>
<p style="text-align: right;">Page 11</p> <p>1 division of a company called Hospital 2 Management Professionals in 1989, as a 3 turn-around management consulting group. 4 It grew in the '90s -- or late '80s, 5 early '90s, and in 1992 Hospital Management 6 Professionals was acquired by Quorum, and then 7 the Intensive Resource Division was merged with 8 a small turn-around management group that 9 Quorum had and was made into a separate LLC, a 10 wholly owned subsidiary of Quorum, and changed 11 its name to the Intensive Resource Group. 12 It stayed the Intensive Resource 13 Group and grew until 19 -- probably 2000 when 14 it changed the name to Cambio Health Solutions, 15 LLC, still a wholly owned subsidiary -- 16 actually a wholly owned subsidiary of IRG, 17 which was a wholly owned subsidiary of Quorum, 18 I believe was the corporate structure. 19 Then in December of 2004, the 20 employees purchased -- I'm sorry -- 2003, in 21 December of 2003 the employees of Cambio 22 purchased Cambio, LLC, from Quorum or IRG, and 23 now it's totally owned by the employees, still 24 an LLC. 25 Q. Thank you.</p>	<p style="text-align: right;">Page 13</p> <p>1 Q. Do you recall where those hospitals were 2 located? 3 A. In Hernando County, Florida. 4 Q. Do you recall what their names were, whether 5 they were affiliated with a group that you 6 might recall its name or any other information 7 about them? 8 A. Yeah. It was -- 9 Give me a second to recall the names. 10 One of them was Spring Hill Hospital. 11 The other was Brooksville Regional. 12 Q. Thank you. 13 You described a moment ago the 14 background of Cambio. And if I use the term 15 "Cambio" to refer to all of its previous names, 16 is that clear enough for you? 17 A. Yes. That's fine. 18 Q. Could you tell me the range of services that 19 Cambio provides to its clients. 20 A. Currently? 21 Q. Currently for starters, yes. 22 A. We will do consulting services, we will do 23 turn-around management, and there's kind of a 24 hybrid which we call the chief implementation 25 officer model where we don't have full</p>

4 (Pages 10 to 13)



THOMAS W. SINGLETON

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1 I'm not trying to be difficult, but I  
2 want to make sure I have a clear understanding  
3 of your question.

4 Could you explain what you mean by  
5 "initiate."

6 Q. What causes a turn-around consultant to be  
7 retained and asked to prepare a turn-around  
8 plan?

9 A. In relationship to this particular engagement?

10 Q. Yes, sir.

11 A. It would be our assumption that the release of  
12 a financial report of the nature that  
13 Mr. Berliner restated, the 1996 financial  
14 report, that would be the reason why the board  
15 would be retaining a turn-around consultant.

16 Q. Can I ask you why in the sentence that we've  
17 been looking at you chose around September,  
18 1996?

19 A. Because that's when we felt like that the audit  
20 report would have been issued, sometime around  
21 that period.

22 Q. And so it's approximately September of 1996  
23 then that the reactions to the audit statement  
24 you mentioned would have begun happening. Is  
25 that correct?

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1 much cash as possible. We would begin to take  
2 action subject to board approval of various  
3 pieces of the turn-around plan as they were  
4 developed, the operational pieces.

5 Q. So it's your assumption -- let me withdraw  
6 that.

7 Am I correct in understanding you to  
8 say that you have proceeded on the assumption  
9 that a turn-around consultant would have  
10 received board approval for the initial stages  
11 of a turn-around plan by the end of  
12 September or beginning of October of 1996?

13 A. Repeat the question again.

14 Q. Am I correct in understanding you to say that  
15 you have proceeded on the assumption that a  
16 turn-around consultant would have received  
17 board approval for the initial stages of a  
18 turn-around plan by the end of September or the  
19 beginning of October of 1996?

20 A. I wouldn't phrase it exactly --

21 That would not be my assumption, no.

22 Q. How would you phrase it then?

23 A. I would assume that we would have been engaged  
24 as managers at the end of September or  
25 beginning of October by the board, and during

Page 91

1 A. That was my assumption, yes.

2 Q. What assumption did you make as to when a  
3 turn-around consultant would actually begin  
4 work on this project that is presented in your  
5 report?

6 A. Late September or October of 1996.

7 Q. Can you tell me what assumption you made as to  
8 the amount of time a turn-around consultant  
9 would have needed to prepare a turn-around plan  
10 having begun in late September or October of  
11 1996.

12 A. Probably 90 to 120 days for a full plan.

13 Q. And could you tell me, please, what assumption  
14 you made as to the amount of time that would  
15 pass between the preparation of a full plan and  
16 beginning of implementation of that plan.

17 A. Well, the implementation of that plan would  
18 begin sometime at the end of September or  
19 beginning of October.

20 Q. Of 1996?

21 A. Right.

22 Q. What portions of that plan would begin  
23 implementation at the end of September or  
24 beginning of October of 1996?

25 A. Well, certainly we would begin to preserve as

Page 93

1 that period of time, we would immediately start  
2 developing a plan, but as managers, we would  
3 also be implementing that part of the plan that  
4 as the board approved it --

5 Elements of the plan would probably  
6 be a better term than parts of the plan.

7 That's the way our process normally  
8 works. We don't wait until the full plan is  
9 developed before we start implementation.

10 Q. Let me see if I have this correctly then.

11 As each element of the plan is  
12 completed, you would seek board approval of  
13 that; and once board approval is received, you  
14 would begin to implement that element. Is that  
15 correct?

16 A. Close enough.

17 Q. To what extent is it wrong?

18 A. I didn't say that it was wrong. I just said --

19 Let me just say --

20 Well, repeat your characterization  
21 and let me respond.

22 Q. Is it correct that as each element of the plan  
23 is completed, you would seek board approval of  
24 that element; and once board approval is  
25 received, you would begin to implement that

24 (Pages 90 to 93)

THOMAS W. SINGLETON

<p style="text-align: right;">Page 94</p> <p>1 element of the plan?</p> <p>2 A. In general, yes. I would answer yes to that</p> <p>3 question.</p> <p>4 Q. You said a moment ago, I believe, you proceeded</p> <p>5 on the assumption you would have been retained</p> <p>6 as managers by the board. Is that correct?</p> <p>7 A. Yes.</p> <p>8 Q. Is that the full managerial authority type of</p> <p>9 engagement we discussed earlier this morning?</p> <p>10 A. Yes, for these assets.</p> <p>11 Q. So then a Cambio person would be installed as</p> <p>12 the CEO of these portions of AHERF. Is that</p> <p>13 correct?</p> <p>14 A. Yes, for these portions, yes.</p> <p>15 Q. You also --</p> <p>16 A. Let me clarify.</p> <p>17 Q. Please do.</p> <p>18 A. And also other key officers of these portion of</p> <p>19 the assets as needed.</p> <p>20 Q. So other Cambio personnel might be installed as</p> <p>21 the chief financial officers of some of these</p> <p>22 assets. Is that right?</p> <p>23 A. Correct.</p> <p>24 Q. And you might possibly have someone installed</p> <p>25 as a chief implementation officer at some</p>	<p style="text-align: right;">Page 96</p> <p>1 that where you're talking about?</p> <p>2 Q. Yes.</p> <p>3 A. Yes. I see that.</p> <p>4 Q. The sentence reads, it is my opinion that DVOG</p> <p>5 could have been restored to a position of</p> <p>6 financial viability upon --</p> <p>7 A. Where are you?</p> <p>8 Q. I'm sorry. I'm in the previous sentence now.</p> <p>9 A. Okay.</p> <p>10 Q. Which reads, it is my opinion that DVOG could</p> <p>11 have been restored to a position of financial</p> <p>12 viability upon a timely intervention by AHERF's</p> <p>13 board or others around the end of September,</p> <p>14 1996.</p> <p>15 A. Okay.</p> <p>16 Q. Is that an accurate statement of the opinions</p> <p>17 that you have formed through your work in this</p> <p>18 case?</p> <p>19 MR. YOUNG: That one sentence are we</p> <p>20 talking about?</p> <p>21 MR. BIRKENSTOCK: Let me be clear.</p> <p>22 I'm not asking if that sentence is the entirety</p> <p>23 of your opinions.</p> <p>24 Is it accurate as far as it goes?</p> <p>25 THE WITNESS: I believe so.</p>
<p style="text-align: right;">Page 95</p> <p>1 place. Is that correct?</p> <p>2 A. Possibly, yes.</p> <p>3 Q. You state on Page 3 of your report that</p> <p>4 hospitals of a similar kind to the DVOG</p> <p>5 entities sold at multiples of between five and</p> <p>6 eight times EBITDA.</p> <p>7 Do you see that portion of the</p> <p>8 report?</p> <p>9 A. What page are you on?</p> <p>10 Q. Page 3. It is towards the bottom of the page</p> <p>11 under Summary.</p> <p>12 A. Towards the bottom of the last paragraph on --</p> <p>13 Did you say three or four?</p> <p>14 Q. Three.</p> <p>15 A. I'm sorry. I was on four. I apologize.</p> <p>16 ----</p> <p>17 (The witness reviewed the document.)</p> <p>18 ----</p> <p>19 THE WITNESS: Okay.</p> <p>20 BY MR. BIRKENSTOCK:</p> <p>21 Q. Actually, let me ask you to back up one</p> <p>22 sentence now.</p> <p>23 You refer in the previous sentence to</p> <p>24 financial stability. Do you see that?</p> <p>25 A. Could be restored to financial stability? Is</p>	<p style="text-align: right;">Page 97</p> <p>1 BY MR. BIRKENSTOCK:</p> <p>2 Q. Now, in the next sentence that begins with, for</p> <p>3 purposes of this analysis, you describe what</p> <p>4 you mean by financial stability; and without</p> <p>5 going through every word of it, is it correct</p> <p>6 that by "financial stability" you mean that the</p> <p>7 DVOG entities would have a sufficiently</p> <p>8 positive amount of EBITDA so that they could be</p> <p>9 sold without losses to the creditors? Is that</p> <p>10 correct?</p> <p>11 A. I'm sorry. Is what correct? That they could</p> <p>12 be sold without loss to the creditors?</p> <p>13 Q. Is it clear that by "financial stability" you</p> <p>14 meant that the hospitals could have been sold</p> <p>15 without losses to the creditors?</p> <p>16 A. I certainly intend to say they could have been</p> <p>17 sold without loss to creditors; and in that</p> <p>18 sentence, that is the way I'm using "financial</p> <p>19 stability."</p> <p>20 I'm sure that's not the only way you</p> <p>21 could define that, but --</p> <p>22 Q. Sure.</p> <p>23 Have you attempted to determine what</p> <p>24 level of EBITDA would be necessary at DVOG in</p> <p>25 order to allow those hospitals to be sold</p>

25 (Pages 94 to 97)



THOMAS W. SINGLETON

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<p>1 you add that to the beginning cash balance, and 2 that's the ending cash balance. 3 Q. Okay. Could you tell me if you've considered 4 any information provided by Mr. Berliner on 5 AHERF cash flows? 6 A. Well, in order to get our EBITDA improvement 7 plan, we used his EBITDA, or we derived the 8 EBITDA from his numbers which goes into our 9 cash flow. 10 Other than that, to the best of my 11 recollection, we didn't use any other 12 information related to cash flow from 13 Mr. Berliner. 14 Q. Okay. Have you ever written or cowritten a 15 book or an article on the subject of health 16 care governance? 17 A. No. 18 Q. Have you written or cowritten any books or 19 articles on the field of health care in 20 general? 21 A. Books or articles? Certainly no books. 22 Q. All right. 23 A. And no articles, to my recollection. 24 Q. Okay. Have you ever performed a consulting 25 engagement that focused on corporate or health</p>	<p>1 engagement that was specifically focused on 2 governance issues? 3 A. Only on governance issues? Is that -- 4 Q. That is correct. 5 A. I don't usually like to say never, but to my 6 recollection, I can't think of one. 7 Q. Okay. 8 MR. BIRKENSTOCK: I would like to 9 mark as the next exhibit corrections that were 10 received from Mr. Singleton on February 14th. 11 ---- 12 (Deposition Exhibit 6015 marked for 13 identification.) 14 ---- 15 MR. BIRKENSTOCK: This is 16 Exhibit 6015. 17 THE WITNESS: At least they're 18 getting thinner. 19 BY MR. BIRKENSTOCK: 20 Q. Mr. Singleton, could you tell me who wrote this 21 document that is Exhibit 6015? 22 A. I would say that Seth Sharpe drafted it, and I 23 made major revisions to it. It's not very 24 long, the written part. 25 Q. Could you tell me who created the exhibits that</p>
Page 267	Page 269
<p>1 care system governance issues as opposed to the 2 sort of operational and turn-around issues that 3 we've been discussing today? 4 A. Well, a number of our projects include 5 governmental -- system governmental issues that 6 we have to address and make recommendations on. 7 Q. I think I've been unclear. I intended to refer 8 to governance rather than the government. 9 A. I'm sorry. I used the wrong word. I 10 understood you meant the governance of the 11 system. 12 I'm saying in a lot of our 13 turn-around projects we make recommendations 14 and work with the governance on improving the 15 governance or restructuring the governance of 16 the organization. 17 Q. Have you ever been involved in a consulting 18 engagement or a turn-around engagement that was 19 specifically focused on governance issues? 20 A. If I understood your question, you said have I 21 ever been engaged in a turn-around project 22 specifically focused on governance issues. 23 Q. Let me restate the question. 24 A. Okay. 25 Q. Have you ever been involved in a consulting</p>	<p>1 are attached to this Exhibit 6015? 2 A. Either Seth Sharpe or Rob Wright. 3 Q. On Page 1 of the February 14th document, you 4 discuss an error in the formula that was used 5 to calculate the hour variance. 6 Is this an issue we discussed this 7 morning when we were looking at Exhibit 3 and 8 its figures for hour variance? 9 A. I don't remember discussing this. 10 We discussed the sale reference error 11 which was covered in an earlier revision. I 12 think it was covered in the rebuttal report, 13 January 11th. 14 Q. Is it correct in general to say that the error 15 that is corrected in this document is that a 16 number was divided in the original and rebuttal 17 reports and it should have been multiplied to 18 be correct? 19 A. I think that's a fair statement. 20 Q. Correcting this error, you now say that the 21 EBITDA improvement opportunity for productivity 22 is \$137.5 million. 23 A. Yes, still using the 1996 benchmarks. 24 I'm sorry. Using the 1999 25 benchmarks. It's 137.5.</p>

68 (Pages 266 to 269)

THOMAS W. SINGLETON

<p style="text-align: right;">Page 270</p> <p>1 Q. And you also present in this document a set of 2 calculations that are based on the 1996 3 Solution benchmarks. Is that right? 4 A. Yes. That is correct. 5 Q. Based on the 1996 benchmarks, you determine a 6 productivity opportunity of \$115.9 million. Is 7 that right? 8 A. Yes. 9 Q. Have you determined in connection with this 10 document or elsewhere to replace the figures in 11 your previous reports by one or the other of 12 the \$137.5 million and 115.9 million figures 13 that are presented in this document? 14 A. I think we replaced them with -- 15 Let me just look and see before I -- 16 ---- 17 (The witness reviewed the document.) 18 ---- 19 THE WITNESS: On one of the tables in 20 the back, which is the Revised Summary of 21 EBITDA Improvement, it says, to replace table 22 on Page 8 of the January 11th report, we used 23 the 115,949,000 number. That is the number 24 that we're going to use going forward. 25 BY MR. BIRKENSTOCK:</p>	<p style="text-align: right;">Page 272</p> <p>1 BY MR. BIRKENSTOCK: 2 Q. Is it correct, sir, that the purpose of this 3 document is to correct the depiction of bad 4 debt percentages that were presented in a chart 5 in your January 11th report? 6 A. Well, the front says January 11th. I was 7 trying to find -- 8 Oh, there it is. Okay. Yes. This 9 chart was originally presented in the 10 January 11th report. 11 Q. And this document, Exhibit 6016, presents 12 corrections to that chart from the January 11th 13 report. 14 A. Yes, yes. 15 Q. Would you agree that in the graph that is shown 16 on the corrected version at the bottom of 17 Page 1 of Exhibit 6016 there is a continuing 18 upward trend in bad debt as a percentage of 19 gross revenue from 1993 through 1996? 20 A. Could you repeat the question. 21 Q. Would you agree that in the graph that is shown 22 on the corrected version at the bottom of 23 Page 1 in Exhibit 6016, there's a continuing 24 upward trend in bad debt as a percentage of 25 gross revenue from 1993 through 1996?</p>
<p style="text-align: right;">Page 271</p> <p>1 Q. So is it correct to say then that as of the 2 February 14th date of Exhibit 6015, in your 3 best professional judgment as an expert, the 4 correct amount for the productivity improvement 5 opportunity is now 115.9 million, 6 approximately? 7 A. I would say the conservative estimate is 115. 8 We decided to use the '96, because that was the 9 most conservative. 10 Q. But is it correct that in your best judgment, 11 the calculations that reached these figures for 12 1996 and for 1999 are the best and most correct 13 versions of these calculations? 14 A. I believe that the formula error has been 15 corrected and that both calculations using 1999 16 and 1996 that are made in this report are 17 correct, mathematically. 18 MR. BIRKENSTOCK: I would like to 19 mark as Exhibit 6016 a set of corrections that 20 were submitted by Thomas W. Singleton on 21 February 18th, 2005. 22 ---- 23 (Deposition Exhibit 6016 marked for 24 identification.) 25 ----</p>	<p style="text-align: right;">Page 273</p> <p>1 ---- 2 (The witness reviewed the document.) 3 ---- 4 THE WITNESS: I would agree that the 5 chart, as presented here, shows an upward 6 trend, but I would also point out that it is my 7 opinion that a large part of the 1996 bad debt 8 expense is prior year bad debt expense and 9 should be spread back in the previous years as 10 we say in this report. 11 BY MR. BIRKENSTOCK: 12 Q. And is it true that you have based the figures 13 in this corrected chart at the bottom of Page 1 14 of this exhibit on figures from Mr. Berliner 15 concerning bad debt expense? 16 A. I used Mr. Berliner's numbers for 1996 and 1995 17 bad debt expense. 18 Q. Uh-huh. 19 A. Well, let me restate that. 20 In 1995, I added to 1995 the bad debt 21 expense as calculated by AHERF, an 22 \$11.5 million increase that Mr. Berliner said 23 related in 1995; and in 1996, that bar reflects 24 the bad debt expense as reported by 25 Mr. Berliner.</p>

69 (Pages 270 to 273)

## THOMAS W. SINGLETON

<p style="text-align: right;">Page 282</p> <p>1 Mr. Singleton, do you consider this exhibit to</p> <p>2 be correcting and incorporated into the</p> <p>3 previous versions of your report?</p> <p>4 A. Yes.</p> <p>5 Q. Could you just tell me who created this</p> <p>6 Exhibit 6017.</p> <p>7 A. Rob Wright created the tables.</p> <p>8 Q. Okay.</p> <p>9 A. They were printed out here.</p> <p>10 Q. And have you reviewed them before this morning?</p> <p>11 A. Yes. I reviewed them before they were printed</p> <p>12 out.</p> <p>13 Q. At this point in time, Mr. Singleton, do you</p> <p>14 intend to provide any corrections to your</p> <p>15 report other than the ones we've already</p> <p>16 received?</p> <p>17 A. I don't intend to, but if I find another error,</p> <p>18 I probably will.</p> <p>19 Q. You're not currently aware of any other error</p> <p>20 that requires correction. Is that right?</p> <p>21 A. That is correct.</p> <p>22 MR. BIRKENSTOCK: Well, barring any</p> <p>23 further corrections then, I am finished.</p> <p>24 MR. YOUNG: I have no questions.</p> <p>25 MR. BIRKENSTOCK: Mr. Singleton,</p>	<p style="text-align: right;">Page 284</p> <p>1 COMMONWEALTH OF PENNSYLVANIA ) CERTIFICATE</p> <p>2 COUNTY OF ALLEGHENY ) SS:</p> <p>3 I, G. Donavich, RPR, CRR, a Court Reporter and</p> <p>4 Notary Public in and for the Commonwealth of</p> <p>5 Pennsylvania, do hereby certify that the witness,</p> <p>6 THOMAS W. SINGLETON, was by me first duly sworn to</p> <p>7 testify to the truth, the whole truth, and nothing</p> <p>8 but the truth; that the foregoing deposition was</p> <p>9 taken at the time and place stated herein; and that</p> <p>10 the said deposition was recorded stenographically by</p> <p>11 me and then reduced to printing under my direction,</p> <p>12 and constitutes a true record of the testimony given</p> <p>13 by said witness.</p> <p>14 I further certify that I am not a relative or</p> <p>15 employee of any of the parties, or a relative or</p> <p>16 employee of either counsel, and that I am in no way</p> <p>17 interested directly or indirectly in this action.</p> <p>18 IN WITNESS WHEREOF, I have hereunto set my hand</p> <p>19 and affixed my seal of office this 27th day of</p> <p>20 February, 2005.</p> <p>21 _____</p> <p>22 Notary Public</p> <p>23</p> <p>24</p> <p>25</p>
<p style="text-align: right;">Page 283</p> <p>1 thank you for your time.</p> <p>2 THE WITNESS: Thank you.</p> <p>3 THE VIDEOGRAPHER: Here marks the end</p> <p>4 of Videotape No. 5 in the deposition of Thomas</p> <p>5 Singleton. We are now going off the record.</p> <p>6 The time is 6:20 P.M., February 23rd, 2005.</p> <p>7 Thank you very much.</p> <p>8 - - - -</p> <p>9 (The proceedings were concluded at 6:20 p.m.)</p> <p>10 - - - -</p> <p>11</p> <p>12</p> <p>13</p> <p>14</p> <p>15</p> <p>16</p> <p>17</p> <p>18</p> <p>19</p> <p>20</p> <p>21</p> <p>22</p> <p>23</p> <p>24</p> <p>25</p>	<p style="text-align: right;">Page 285</p> <p>1 COMMONWEALTH OF PENNSYLVANIA ) E R R A T A</p> <p>2 COUNTY OF ALLEGHENY ) S H E E T</p> <p>3</p> <p>4 I, THOMAS W. SINGLETON, have read the foregoing</p> <p>5 pages of my deposition given on February 23, 2005,</p> <p>6 and wish to make the following, if any, amendments,</p> <p>7 additions, deletions or corrections:</p> <p>8</p> <p>9</p> <p>10</p> <p>11</p> <p>12</p> <p>13</p> <p>14</p> <p>15</p> <p>16</p> <p>17</p> <p>18</p> <p>19 In all other respects, the transcript is true and</p> <p>20 correct.</p> <p>21 _____</p> <p>22 THOMAS W. SINGLETON</p> <p>23</p> <p>24 Subscribed and sworn to before me this</p> <p>25 _____ day of _____, 2005.</p> <p>_____</p> <p>Notary Public</p> <p>AKF Reference No. 85906</p>

COMMONWEALTH OF PENNSYLVANIA	)	
	)	ERRATA SHEET
COUNTY OF ALLEGHENY	)	

I, THOMAS W. SINGLETON, have read the foregoing pages of my deposition given on February 23, 2005, and wish to make the following, if any, amendments, additions, deletions or corrections:

<b>Page, Line</b>	<b>Change, Reason</b>
Page 14, Line 7	change "mean" to "indicate" correction to transcript
Page 14, Line 16	change "a turn-around plan." to "and implement a turn-around plan." correction to testimony
Page 50, Line 1	change "H&P" to "HMP" correction to transcript
Page 103 Line 20	change "capital," to "capital." correction to transcript
Page 103 Line 21	change "plus net working capital." to "Okay, plus net working capital." correction to transcript
Page 103 Line 22	change "To do your calculation" to "So to do your calculation" correction to transcript
Page 120 Line 14	change "wanted" to "want" correction to transcript
Page 166 Line 14	change "sale" to "cell" correction to transcript
Page 170 Line 12	change "sale" to "cell" correction to transcript
Page 223 Line 10	change "in" to "and" correction to transcript
Page 230 Line 15	change "sales?" to "cells?" correction to transcript
Page 230 Line 20	change "sales" to "cells" correction to transcript


Page 233 Line 1	change "\$86.1" to "\$8.6" correction to transcript
Page 240, Line 4	delete the word "cash" correction to testimony
Page 269 Line 10	change "sale" to "cell" correction to transcript
Page 280 Line 2	change "sale." to "cell." correction to transcript
Page 157, Lines 10, 15; Page 163, Lines 6, 13; Page 172, Lines 22, 25; Page 174, Line 15; Page 205, Line 3; Page 225, Line 21; Page 228, Lines 4, 7; Page 260, Lines 7, 19, 21; Page 261, Line 12; Page 270, Line 3	"Solution" or "Solutions" should be "Solucient" correction to transcript

In all other respects, the transcript is true and correct.

  
Thomas W. Singleton

Subscribed and sworn to before me

this 24<sup>th</sup> day of March, 2005.

  
Notary Public  
Commission expires 6/26/06

**Snow Dep.**



**In The Matter Of:**

***AHERF v.  
PRICEWATERHOUSECOOPERS, L.L.P.***

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**GREGORY SNOW**  
***July 25, 2003***

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**LEGALINK MANHATTAN**  
***420 Lexington Avenue - Suite 2108***  
***New York, NY 10170***  
***PH: 212-557-7400 / FAX: 212-692-9171***

**SNOW, GREGORY**



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GREGORY SNOW

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1 back?  
 2 -----  
 3 (The record was read back by the reporter.)  
 4 -----  
 5 BY MR. LUFT:  
 6 Q. Why don't I clear it up and we can save time  
 7 right now.  
 8 Mr. Snow, at the completion date you  
 9 referred to of March and April of 1996, that  
 10 would be about the last quarter of fiscal year  
 11 1996. Correct?  
 12 A. Yes.  
 13 Q. Let me show you a document that has previously  
 14 been marked as Exhibit 901 in this collection.  
 15 -----  
 16 (Deposition Exhibit No. 901  
 17 previously marked for identification.)  
 18 -----  
 19 MR. LUFT: Take as much time as you  
 20 need to review the document.  
 21 -----  
 22 (The witness reviewed the document.)  
 23 -----  
 24 BY MR. LUFT:  
 25 Q. Do you recognize this document, Mr. Snow?  
 MANHATTAN REPORTING CORP., A LEGALINK COMPANY

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1 what is on these pages is a list of  
 2 improvements that have been made by the patient  
 3 financial services group --  
 4 A. Yes.  
 5 Q. -- during the time you were there and were  
 6 coming from the consolidation. Correct?  
 7 A. Yes.  
 8 Q. Was it your belief at the time that this memo  
 9 was written, which I believe was late fiscal  
 10 year 1996-1997, that there were improvements  
 11 being made by the patient financial services  
 12 group?  
 13 A. Yes.  
 14 MR. TORBORG: Object to form.  
 15 THE WITNESS: Yes. Yes.  
 16 BY MR. LUFT:  
 17 Q. Do you believe that these improvements were  
 18 caused in part by the consolidation?  
 19 A. Yes.  
 20 Q. Do you believe these improvements were caused  
 21 in part by actions you had taken as the new  
 22 director of the patient financial services  
 23 group?  
 24 A. I'd like to think so.  
 25 Q. I wonder if you could walk me through some of  
 MANHATTAN REPORTING CORP., A LEGALINK COMPANY

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1 A. I've never seen the cover letter, but I'm aware  
 2 of the document.  
 3 Q. Okay. What is the document absent the cover  
 4 letter?  
 5 A. The document was prepared, I believe, in late  
 6 calendar year 1996 and the first part of  
 7 calendar year 1997 by Joe Dionisio with respect  
 8 to the status of the patient accounting  
 9 functions for AHERF.  
 10 Q. And the cover letter of this document says it's  
 11 a February 18th, 1997, letter from David M.  
 12 McConnell to the board of trustees at Allegheny  
 13 Health, Education and Research Foundation.  
 14 Correct?  
 15 A. Yes.  
 16 Q. Do you have any reason to believe that this is  
 17 not a cover letter for the following report  
 18 that you just described?  
 19 A. No.  
 20 Q. Would you have been privy to what was given to  
 21 a member of the board of trustees at AHERF?  
 22 A. No.  
 23 Q. I'm going to ask you to turn to what is marked  
 24 as Bates Page 929 through 930, which is Pages 5  
 25 and 6, I believe, of the memo, and I believe  
 MANHATTAN REPORTING CORP., A LEGALINK COMPANY

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1 the improvements listed on Page 929 in the  
 2 bullet points and tell me how these  
 3 improvements would affect AHERF's receivables.  
 4 A. Page 929, the bullet points were geared more  
 5 towards the efficiencies that were being gained  
 6 from a pure economic point of view.  
 7 It talks specifically about the  
 8 number of claims being processed, the increases  
 9 in claims over the past year or year and a half  
 10 with no additional staff, our internal  
 11 productivity measurements compared to national  
 12 averages, the cost to collect, and also gross  
 13 days revenue outstanding.  
 14 Q. And these efficiencies which you referred to,  
 15 was it your belief that they would ultimately  
 16 lead to a smoother operation by the patient  
 17 financial services group?  
 18 MR. TORBORG: Object to the form.  
 19 THE WITNESS: Thought it would lead  
 20 to a smoother operation and increase cash  
 21 collections.  
 22 BY MR. LUFT:  
 23 Q. Okay.  
 24 A. At a reduced cost.  
 25 Q. Who authored this memo?  
 MANHATTAN REPORTING CORP., A LEGALINK COMPANY

26 (Pages 98 to 101)

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1 A. Joe Dionisio.  
 2 Q. Did you help author this memo?  
 3 A. Yes, I did.  
 4 Q. Do you recall if you had any input on the  
 5 section we just referred to regarding  
 6 improvements?  
 7 A. Yes.  
 8 Q. So you had conveyed to Mr. Dionisio that you  
 9 believed these improvements had taken place and  
 10 that greater efficiencies would come?  
 11 A. Yes.  
 12 Q. Do you recall if you expressed that sentiment  
 13 to anyone else in AHERF management?  
 14 A. I'm sorry. Again, please.  
 15 Q. Do you recall if you expressed those sentiments  
 16 to anyone else in an AHERF management?  
 17 A. I don't remember. I'm sorry.  
 18 Q. Do you recall having a understanding that other  
 19 members of senior AHERF management expected  
 20 improvements to arise from the consolidation?  
 21 A. Yes.  
 22 Q. And what was that understanding based on?  
 23 A. To me, it was just simply a given.  
 24 Q. A given because that's why one would do a  
 25 consolidation. Correct?  
 MANHATTAN REPORTING CORP., A LEGALINK COMPANY

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1 A. That's correct.  
 2 Q. Now, the cover letter of this memo is from  
 3 David McConnell to the board of trustees. I  
 4 know you've said you have not seen this memo  
 5 before.  
 6 A. That's correct.  
 7 Q. Are you aware personally whether any members of  
 8 the AHERF board of trustees were made aware  
 9 that due to the consolidation of the AHERF  
 10 billing office there was anticipated that there  
 11 would be improvements in the AHERF billing and  
 12 collections function?  
 13 A. I don't know what was conveyed to the board.  
 14 Q. Okay. Do you know if Mr. McConnell was aware  
 15 that PFSG and Mr. Dionisio believes that there  
 16 would be improvements arising from the  
 17 consolidation?  
 18 A. I never had any direct conversations with  
 19 Mr. McConnell, but it was my understanding that  
 20 yes, he did.  
 21 Q. Do you recall --  
 22 Let me just strike that.  
 23 Mr. Snow, did you have any  
 24 interactions with anyone from Coopers & Lybrand  
 25 while you were at AHERF?  
 MANHATTAN REPORTING CORP., A LEGALINK COMPANY

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1 A. Yes.  
 2 Q. Who did you have interactions with?  
 3 A. Norm Kalisevsky, I believe was his name, on a  
 4 very limited basis; Bill Buettner, and there  
 5 were other people, and I'm sorry, I don't  
 6 remember the name.  
 7 Q. When you say you had interaction with  
 8 Mr. Buettner on a very limited basis, could you  
 9 explain what you mean.  
 10 A. Once a year, usually in February of each year,  
 11 there would be a preaudit conference with  
 12 respect to the annual audit by Coopers.  
 13 Q. And who was that, just you and Mr. Buettner?  
 14 A. Mr. Buettner or any of his staff, and from a  
 15 PFSG perspective, generally speaking, it was  
 16 myself, Russell Laing, and anyone from his  
 17 staff that he would deem necessary to be there.  
 18 Q. Do you recall if Norm Kalisevsky attended this  
 19 meeting every year or if he was just there in  
 20 fiscal 1996?  
 21 A. I believe Norm was there every year, but I  
 22 don't remember specifically, but I believe he  
 23 was.  
 24 Q. What was your understanding of Mr. Buettner's  
 25 position at Coopers & Lybrand?  
 MANHATTAN REPORTING CORP., A LEGALINK COMPANY

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1 A. He was a partner. He was a partner in charge  
 2 of the AHERF audit.  
 3 Q. In any of your conversations with Mr. Buettner,  
 4 did you ever express to him that due to the  
 5 consolidation you believed that there would be  
 6 improvements in PFSG's performance?  
 7 A. I believe so, but I don't remember  
 8 specifically.  
 9 Q. Do you recall ever telling anyone other than  
 10 Mr. Buettner who worked for Coopers & Lybrand  
 11 that due to the consolidation, you believed  
 12 there would be an improvement in PFSG's  
 13 performance?  
 14 A. The only one I would have said anything to  
 15 probably would have been Norm.  
 16 Q. Do you know if anyone else who worked at PFSG  
 17 ever told someone from Coopers & Lybrand that  
 18 due to the consolidation or any aspect of the  
 19 consolidation they expected an improvement in  
 20 PFSG's performance?  
 21 A. I don't have any idea.  
 22 Q. Okay. Mr. Snow, let me show you what has been  
 23 marked as Exhibit 902.  
 24 ----  
 25 (Deposition Exhibit No. 902  
 MANHATTAN REPORTING CORP., A LEGALINK COMPANY

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1 previously marked for identification.)  
 2 - - - -  
 3 (The witness reviewed the document.)  
 4 - - - -  
 5 THE WITNESS: Okay.  
 6 BY MR. LUFT:  
 7 Q. Do you recognize this document, Mr. Snow?  
 8 A. Yes.  
 9 Q. What is this document?  
 10 A. I don't remember, again, seeing the cover memo,  
 11 but the attached document itself is -- even  
 12 though it states that it's a year-end report,  
 13 we would put out a --  
 14 We had what was called a monthly  
 15 reporting package that we put out, and this is  
 16 basically it.  
 17 Q. Now, on the cover memo, it says from William  
 18 Gedman to Distribution, and under distribution,  
 19 do you see there's a G. Snow?  
 20 A. Yes.  
 21 Q. Is that Greg Snow?  
 22 A. Yes.  
 23 Q. Do you have any reason to believe did you not  
 24 receive this document?  
 25 A. No.  
 MANHATTAN REPORTING CORP., A LEGALINK COMPANY

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1 leadership?  
 2 A. Yes, but let me clarify one thing. When I say  
 3 there's an improvement, there's an improvement  
 4 based upon what was being reported from a  
 5 system AR perspective. I don't know what the  
 6 financial statements reported is and what the  
 7 AR results were at that time.  
 8 Q. Were you responsible for the financial  
 9 statements?  
 10 A. No.  
 11 Q. Did you have any -- strike that.  
 12 Did you have any involvement in  
 13 creating the financial statements?  
 14 A. No.  
 15 Q. The numbers that are in this monthly form,  
 16 these come from PFSG. Correct?  
 17 A. Yes, which are taken from -- directly from  
 18 standardized reports within the various billing  
 19 systems.  
 20 Q. And the PFSG department is your department.  
 21 Correct?  
 22 A. Yes.  
 23 Q. Do you have any reason to doubt the accuracy of  
 24 the information contained in the PFSG report?  
 25 A. No.  
 MANHATTAN REPORTING CORP., A LEGALINK COMPANY

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1 Q. I believe previously you told me that you  
 2 expected to start seeing improvements in March  
 3 or April of 1996. Is that correct?  
 4 A. Yes.  
 5 Q. If I could turn you to the page that is Bates  
 6 stamped PR-SEC 00981, and I believe the first  
 7 bullet point on that page under the title  
 8 accounts receivable and revenue states, for the  
 9 third consecutive month, total AR fell in June.  
 10 The drop was approximately one percent from May  
 11 levels, nearly \$4.3 million.  
 12 The total of \$510.6 million (Hospital  
 13 and ProFee) is the lowest since October, 1995,  
 14 period. This compares to a total of  
 15 \$499.3 million at year-end June 1995.  
 16 Is that correct what I just read?  
 17 A. According to this document, yes.  
 18 Q. Do you recall an improvement in the AR levels  
 19 for AHERF in the last three months of fiscal  
 20 year 1996?  
 21 A. Yes.  
 22 Q. And that improvement would comport with your  
 23 previously stated notion that you expected to  
 24 see improvements at the end of fiscal year 1996  
 25 arising from the consolidation under your  
 MANHATTAN REPORTING CORP., A LEGALINK COMPANY

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1 Q. And was Mr. Gedman in charge of compiling these  
 2 reports?  
 3 A. Mr. Laing was the person in charge of it, and  
 4 Mr. Gedman worked for Mr. Laing.  
 5 Q. So it was your understanding at the time that  
 6 AR levels were decreasing in the last quarter  
 7 of fiscal year 1996. Correct?  
 8 A. Yes.  
 9 Q. So headed into fiscal year 1997, the  
 10 improvements that were anticipated coming out  
 11 of consolidation were manifesting themselves  
 12 some way on the AR levels of AHERF. Correct?  
 13 A. In my opinion, yes.  
 14 Q. Mr. Snow, did you ever have any interactions  
 15 with members of AHERF operating units, i.e.,  
 16 the hospitals of AHERF and the physician  
 17 practices?  
 18 A. Yes.  
 19 Q. Who did you interact with?  
 20 A. It would depend upon the issue. It could range  
 21 anything -- everywhere from a registrar, a  
 22 nonhourly registrar, up to the CEO of the  
 23 hospital, depending upon the issue.  
 24 Q. And certainly there would be different issues  
 25 for why would you speak to a CEO than a  
 MANHATTAN REPORTING CORP., A LEGALINK COMPANY

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GREGORY SNOW

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1 penetration in the Delaware Valley?  
 2 A. Very much so. Philadelphia at the time was  
 3 being compared to other marketplaces like  
 4 Minneapolis and California as far as the level  
 5 of managed care penetration.  
 6 Q. And there was significant managed care  
 7 penetration in Minneapolis and California?  
 8 A. They were leaders in the country as far as  
 9 managed care penetration was concerned.  
 10 Q. And I think we discussed earlier where there is  
 11 managed care, you typically receive less  
 12 reimbursement for the same operation than you  
 13 would under an indemnification system. Right?  
 14 A. You receive less reimbursement and also the  
 15 administrative liabilities concerned with those  
 16 contracts is much greater; so, therefore, it's  
 17 going to result in further reduced payments.  
 18 Q. And I think we also discussed earlier that  
 19 these were the same managed care providers who  
 20 engaged in a payment slowdown in the Delaware  
 21 Valley --  
 22 A. Yes.  
 23 MR. TORBORG: Object to the form.  
 24 THE WITNESS: Yes.  
 25 BY MR. LUFT:  
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1 these different systems prior to purchase by  
 2 AHERF led to the greater problems adapting to  
 3 the managed care?  
 4 A. Define "systems."  
 5 Q. I'm sorry?  
 6 A. Define "systems."  
 7 Q. Why don't I just try to ask the question again  
 8 so it's clear.  
 9 A. Okay.  
 10 Q. Were you ever of the belief that the fact that  
 11 each of these entities had previously been  
 12 independent and were not a consolidated group  
 13 prior to the purchase of AHERF led to greater  
 14 problems adapting to the rise of managed care  
 15 in Philadelphia?  
 16 MR. TORBORG: Object to the form.  
 17 THE WITNESS: I really don't have an  
 18 opinion. I don't know.  
 19 BY MR. LUFT:  
 20 Q. Now, I asked you previously who you spoke with  
 21 at Coopers & Lybrand, and I believe you told me  
 22 about once a year would you speak to  
 23 Mr. Buettner.  
 24 A. Yes.  
 25 Q. You spoke with Mr. Kalisevsky at the same  
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1 Q. Thank you.  
 2 Now, you also mentioned that you felt  
 3 that the hospitals were not doing a very good  
 4 job adapting to the growth in managed care in  
 5 the Philadelphia market. Is that correct?  
 6 A. Yes.  
 7 Q. In your opinion, what were they failing to do?  
 8 A. They were failing to control the input or the  
 9 intake of patients and the administrative  
 10 duties that are associated with those various  
 11 contracts.  
 12 Q. Now, is it your understanding that previously  
 13 these Delaware Valley hospitals had been  
 14 separate entities, had not been all one unit  
 15 when AHERF purchased them?  
 16 Let me strike that.  
 17 Each of the Delaware Valley hospitals  
 18 had been purchased by AHERF or one of its  
 19 predecessor organizations. Is that correct?  
 20 A. That's my understanding.  
 21 Q. Prior to purchase, they had separate CEOs,  
 22 separate staff, and separate contracts. Is  
 23 that correct?  
 24 A. That's my understanding.  
 25 Q. Do you believe the fact that there were all  
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1 meeting where would you speak to Mr. Buettner?  
 2 A. Yes.  
 3 Q. How often would you speak to Mr. Kalisevsky  
 4 aside from that meeting?  
 5 A. Maybe two times a year.  
 6 Q. And when would those times be?  
 7 A. There would be an audit preconference.  
 8 Q. That's the meeting where you were with  
 9 Mr. Buettner?  
 10 A. There would be a preliminary finding of  
 11 results, and there would be a final  
 12 presentation of the results of the audit, and  
 13 there may have been some interaction in between  
 14 time as far as hallway conversation, as far as  
 15 a quick update as far as what they're finding,  
 16 but nothing --  
 17 Most of the workings or dealings with  
 18 Coopers in the department was between Russ  
 19 Laing and Coopers.  
 20 Q. Did you ever speak with Amy Frazier?  
 21 A. I don't know. I know the name. I don't  
 22 remember who she is.  
 23 Q. Okay. Do you recall ever speaking with anyone  
 24 who was a manager at Coopers & Lybrand?  
 25 A. I believe Nora was a manager.  
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1 Q. Do you recall ever speaking to the manager of  
 2 the AHERF -- the manager on the AHERF audit or  
 3 the managers on the AHERF audit?  
 4 A. I thought it was Nora.  
 5 Q. Do you recall ever speaking with Mr. Kirstein,  
 6 Mark Kirstein?  
 7 A. Again, I know the name. I probably did, but I  
 8 don't remember the specifics or anything like  
 9 that.  
 10 Q. So you have no specific recollections of any  
 11 conversations with either Mr. Kirstein or  
 12 Ms. Frasier?  
 13 A. Other than --  
 14 No. The only time I can think that  
 15 we would have spoken would have been in these  
 16 various updates as far as the results, and I  
 17 don't have specific recollection of times,  
 18 dates, places, or basically the extent of the  
 19 conversations. Most of my interaction was with  
 20 Nora.  
 21 Q. And, in fact, you don't even recall who  
 22 Mr. Kirstein and Ms. Frasier specifically are.  
 23 Correct?  
 24 A. If they walked in the room right now, I  
 25 wouldn't know.  
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1 looked at by Coopers & Lybrand?  
 2 MR. TORBORG: Object to the form.  
 3 THE WITNESS: No. The only time I  
 4 ever suggested anything to anyone, I believe it  
 5 was in the February, 1997, time frame, that  
 6 without coming out directly and saying  
 7 anything, you should just please be very  
 8 thorough in your audit.  
 9 BY MR. LUFT:  
 10 Q. I believe you just said without saying anything  
 11 directly. Is that correct? Did I hear that  
 12 correctly?  
 13 A. That's correct.  
 14 Q. Why do you say without saying anything  
 15 directly?  
 16 A. There were accounts in the active accounts  
 17 receivable that had been there since 1995 that  
 18 were uncollectible. If I had said anything  
 19 directly, I would have been terminated.  
 20 Q. I'm going to come back to both parts of that.  
 21 When you say 1995, are you referring  
 22 to fiscal year 1995?  
 23 A. Calendar year 1995.  
 24 Q. So that would be fiscal year 1996?  
 25 MR. TORBORG: Object to the form.  
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1 Q. Okay. Do you recall ever having any  
 2 conversations Christa Porter?  
 3 A. I'm sorry. Who?  
 4 Q. Christa Porter.  
 5 A. I don't know who that is. No.  
 6 Q. So you have no recollection of having --  
 7 A. No.  
 8 Q. Do you recall having any conversations with  
 9 Christa Heinlein?  
 10 A. No. Again, I'm sorry. I don't have any  
 11 recollection.  
 12 Q. Did you recall having any conversations with  
 13 Brian Christian?  
 14 A. No, I'm sorry. I do not.  
 15 Q. When you spoke with Mr. Buettner, what was the  
 16 purpose of those conversations?  
 17 A. Coopers presented their audit plan for the year  
 18 and what documents they needed from us to be  
 19 able to perform their audit.  
 20 Q. The audit plan they presented, was that for all  
 21 of AHERF or just specific to the patient --  
 22 A. Specific to patient accounting.  
 23 Q. Would you have input --  
 24 Would you give Mr. Buettner any input  
 25 at those meetings what you thought should be  
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1 THE WITNESS: The conversation took  
 2 place --  
 3 MR. LUFT: Let me strike that.  
 4 BY MR. LUFT:  
 5 Q. Do you know if those accounts were fiscal year  
 6 1996 or fiscal year 1995?  
 7 A. These were accounts with dates of service prior  
 8 to June 30th, 1995.  
 9 Q. Now, the second part, I believe, what you said  
 10 was if you said anything, you would have been  
 11 terminated.  
 12 A. That's correct.  
 13 Q. Who would have terminated you?  
 14 A. Who would have directly terminated me would  
 15 have been Mr. Dionisio, and he would have been  
 16 told to terminate me by his bosses, and that's  
 17 my opinion. It's strictly an opinion.  
 18 Q. Was it your understanding that if you told  
 19 Coopers & Lybrand certain information about  
 20 accounts receivable, you would be fired?  
 21 MR. TORBORG: Object to form.  
 22 THE WITNESS: Could you repeat the  
 23 question, please.  
 24 BY MR. LUFT:  
 25 Q. Let me ask you this. You said that you believe  
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1 you would be fired.  
 2 A. Yes.  
 3 Q. What do you believe you would have had to have  
 4 done to precipitate your being fired?  
 5 A. In September of 1995 -- excuse me.  
 6 In August and September of 1995, we,  
 7 as a patient accounting department, had  
 8 identified approximately \$50 million of  
 9 accounts receivable that were uncollectible.  
 10 We had started attempting to write some of  
 11 those accounts off at that time. At a staff  
 12 meeting --  
 13 At Mr. McConnell's staff meeting in  
 14 the Clark Building in September of 1995, I was  
 15 told to stop the activity of writing those off,  
 16 and that they would be taken care of at a later  
 17 time.  
 18 Okay. Well, as of the first part of  
 19 1997, the accounts were still in the active  
 20 receivables.  
 21 Q. And you believe if you told Coopers & Lybrand  
 22 about these accounts, you would be fired?  
 23 A. Yes.  
 24 Q. What was your belief that you would be fired  
 25 based on?  
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1 A. The culture of the organization.  
 2 Q. Could you expand on what you mean by the  
 3 "culture of the organization"?  
 4 A. The organization was basically, in my opinion,  
 5 controlled by three people, and if you did  
 6 anything that was deemed to be detrimental or  
 7 outside of that -- if you did something, you  
 8 did that --  
 9 If you performed the function or did  
 10 something you weren't supposed to allegedly do,  
 11 that the ultimate result of that action would  
 12 be termination.  
 13 Q. Do you know if anyone else at AHERF believed --  
 14 strike that.  
 15 Did you ever hear anyone else at  
 16 AHERF express the belief that if they did  
 17 something which was not deemed as correct by  
 18 those controlling AHERF, that they, too, would  
 19 be fired?  
 20 A. Yes.  
 21 Q. Who expressed that opinion to you?  
 22 A. Let's just say it was numerous people, and it  
 23 was a common belief within the organization.  
 24 Q. Do you recall anyone specifically?  
 25 A. No.  
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1 Q. In keeping with that belief, were you of the  
 2 opinion that you were not to share internal  
 3 information with anyone from the outside?  
 4 MR. TORBORG: Object to the form.  
 5 THE WITNESS: No. I --  
 6 No. If information was requested,  
 7 then I would provide it or attempt to get  
 8 clearance to provide it, but I was not going to  
 9 volunteer any information.  
 10 BY MR. LUFT:  
 11 Q. Even if you believed that information to be  
 12 relevant?  
 13 A. That's correct.  
 14 Q. Did you ever seek clearance to give information  
 15 to Coopers & Lybrand but were told not to?  
 16 A. I don't believe so.  
 17 Q. And you would have sought clearance from  
 18 Mr. Dionisio?  
 19 A. Yes.  
 20 Q. Now, you said you wouldn't have volunteered  
 21 information to Coopers & Lybrand even if that  
 22 information was relevant to you. Right?  
 23 A. Yes.  
 24 Q. And that was based on your belief that that  
 25 would lead to your termination?  
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1 A. Yes.  
 2 Q. Do you know if Mr. Laing was of the same  
 3 opinion that if he volunteered information he  
 4 would be fired from Coopers and --  
 5 MR. TORBORG: Object.  
 6 BY MR. LUFT:  
 7 Q. Excuse me. Do you know if Mr. Laing ever  
 8 expressed to you if he volunteered information  
 9 to Coopers & Lybrand, he would be fired by  
 10 AHERF?  
 11 A. I don't remember any such conversation. It  
 12 could have taken place. I don't remember.  
 13 Q. And you said that it was part of AHERF's  
 14 culture. Correct?  
 15 A. Yes.  
 16 Q. Not something specific to the patient financial  
 17 services group?  
 18 A. No.  
 19 Q. Was Coopers & Lybrand viewed as an outsider to  
 20 AHERF?  
 21 MR. TORBORG: Object to the  
 22 foundation.  
 23 THE WITNESS: Define "outsider."  
 24 BY MR. LUFT:  
 25 Q. Did you view Coopers & Lybrand to be outside of  
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<p style="text-align: right;">Page 162</p> <p>1 Q. Do you recall how much was missed contractuals?</p> <p>2 A. No, I do not.</p> <p>3 Q. Do you recall if it was greater than</p> <p>4 \$52 million?</p> <p>5 A. I don't know the exact number. I'm sorry.</p> <p>6 Q. So a portion of that remaining money, the</p> <p>7 \$58 million, the difference between what you</p> <p>8 estimated was you collected the 52, and the 110</p> <p>9 was money that AHERF was never entitled to.</p> <p>10 A. That's correct.</p> <p>11 MR. TORBORG: Object to form.</p> <p>12 BY MR. LUFT:</p> <p>13 Q. Now, you said that there was no overlap?</p> <p>14 A. I don't believe there was any overlap between</p> <p>15 the two.</p> <p>16 Q. Okay. So when we're talking about that, we're</p> <p>17 discussing what? I guess the remaining</p> <p>18 \$52 million, if you started with 102 and</p> <p>19 collected 58, there would be \$52 million of</p> <p>20 accounts on Patcom which you believe would be</p> <p>21 either accounts at gross or past statute</p> <p>22 accounts?</p> <p>23 A. Yes.</p> <p>24 Q. And do you recall knowing if those accounts had</p> <p>25 been reserved for on the bad debt reserve by</p> <p>MANHATTAN REPORTING CORP., A LEGALINK COMPANY</p>	<p style="text-align: right;">Page 164</p> <p>1 document that has been previously marked as</p> <p>2 Exhibit 903.</p> <p>3 ----</p> <p>4 (Deposition Exhibit No. 903 marked</p> <p>5 for identification.)</p> <p>6 ----</p> <p>7 BY MR. LUFT:</p> <p>8 Q. Do you recognize this document, Mr. Snow?</p> <p>9 A. I believe I saw it in a previous deposition.</p> <p>10 Q. Do you recall seeing it absent prior to that</p> <p>11 deposition?</p> <p>12 A. I don't remember, but at the same time I have</p> <p>13 no reason to say that I didn't.</p> <p>14 Q. And this is a memo from Mr. Gedman to yourself</p> <p>15 dated June 30th, 1997?</p> <p>16 A. Yes.</p> <p>17 Q. And as you just said, you have no reason to</p> <p>18 believe that you didn't receive it.</p> <p>19 A. That's correct.</p> <p>20 Q. And what does this document refer to?</p> <p>21 A. It was an accumulation of past statute</p> <p>22 write-offs that occurred during fiscal year</p> <p>23 1997. We did this in four phases at</p> <p>24 \$20 million each and for a total of just under</p> <p>25 \$80 million.</p> <p>MANHATTAN REPORTING CORP., A LEGALINK COMPANY</p>
<p style="text-align: right;">Page 163</p> <p>1 AHERF?</p> <p>2 A. I have no idea.</p> <p>3 MR. LUFT: I would like to mark as</p> <p>4 Exhibit 1758 a document Bates stamped DC 0917,</p> <p>5 Page 30 of 30.</p> <p>6 ----</p> <p>7 (Deposition Exhibit No. 1758 marked</p> <p>8 for identification.)</p> <p>9 ----</p> <p>10 (The witness reviewed the document.)</p> <p>11 ----</p> <p>12 BY MR. LUFT:</p> <p>13 Q. Do you recognize this document, Mr. Snow?</p> <p>14 A. Yes.</p> <p>15 Q. What is this document?</p> <p>16 A. It was a confirmation that adjustments were</p> <p>17 made for past statute write-offs in March,</p> <p>18 1997, and it was the second phase of the --</p> <p>19 from the new October, 1996, adjustments.</p> <p>20 Q. And these write-offs were taking place at MCC</p> <p>21 St. Christopher, and Bucks. Right?</p> <p>22 A. Yes.</p> <p>23 Q. And this is, again, fiscal year 1997. Correct?</p> <p>24 A. Yes.</p> <p>25 MR. LUFT: I'd like to show you a</p> <p>MANHATTAN REPORTING CORP., A LEGALINK COMPANY</p>	<p style="text-align: right;">Page 165</p> <p>1 Q. Does this refresh your recollection about how</p> <p>2 much was written off in fiscal year 1997 from</p> <p>3 AHERF's accounts receivable?</p> <p>4 A. Yes. I originally thought it was \$50 million.</p> <p>5 This is fine.</p> <p>6 Q. Okay. Did you have an understanding of what</p> <p>7 effect an \$80 million write-off would have on</p> <p>8 AHERF's financial statements?</p> <p>9 A. Yes.</p> <p>10 Q. What was your understanding?</p> <p>11 A. That there were not sufficient reserves to</p> <p>12 cover that type of a write-off at the time, and</p> <p>13 this is the reason why we were told in</p> <p>14 September of 1995 that we could not perform</p> <p>15 these write-offs, and that it would have to be</p> <p>16 taken care of over a period of time because</p> <p>17 the -- because it would have a severe financial</p> <p>18 impact to the profitability of AHERF.</p> <p>19 Q. And it's your understanding that the exact same</p> <p>20 receivables that were at issue in September of</p> <p>21 '99 were the same receivables that were</p> <p>22 included in this financial statement --</p> <p>23 MR. TORBORG: Object to the form.</p> <p>24 MR. LUFT: Strike that. Let me</p> <p>25 finish the question.</p> <p>MANHATTAN REPORTING CORP., A LEGALINK COMPANY</p>

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<p>1 MR. TORBORG: If I can stop real 2 quick, if you can, give me just a fraction of a 3 second to get my objection in after he asks the 4 question so I don't have to interrupt him 5 trying to get it in there. 6 THE WITNESS: No problem. 7 MR. LUFT: Is it your understanding 8 that the same accounts receivable which you 9 identified as problematic in the beginning of 10 fiscal year 1996 were still the exact same 11 accounts receivable which were being written 12 off in fiscal year 1997? 13 MR. TORBORG: Object to form and 14 foundation. 15 THE WITNESS: Yes. 16 BY MR. LUFT: 17 Q. And what do you base your understanding of that 18 on? 19 A. I don't have any written documentation to that 20 effect, but I was simply there at the time. 21 Q. Who made the decision to write off the 22 \$80 million in fiscal year 1997? 23 A. I believe it was Mr. McConnell. 24 Q. Was this a decision made within the general 25 accounting office, to your knowledge? MANHATTAN REPORTING CORP., A LEGALINK COMPANY</p>	<p>1 was writing off \$80 million of accounts 2 receivable? 3 A. No. 4 Q. Do you know if Mr. Spargo ever told 5 Coopers &amp; Lybrand that AHERF was writing off 6 \$80 million in accounts receivable? 7 A. I don't know. 8 Q. Do you know if Mr. Cancelmi ever told 9 Coopers &amp; Lybrand that AHERF was writing off 10 \$80 million of accounts receivable in fiscal 11 year 1997? 12 A. I don't know. 13 Q. Do you know if Mr. Cancelmi ever told 14 Coopers &amp; Lybrand that \$80 million was being 15 written off of the accounts receivable prior to 16 the release of the fiscal year 1996 financial 17 statements? 18 A. I don't know. 19 Q. Did you ever tell Coopers &amp; Lybrand that -- 20 strike that. 21 Prior to the beginning of the 22 write-off of the \$80 million in fiscal year 23 1997, did you ever tell Coopers &amp; Lybrand that 24 you believed that there were accounts 25 receivable which needed to be written off? MANHATTAN REPORTING CORP., A LEGALINK COMPANY</p>
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<p>1 A. I have no idea. 2 Q. Did Mr. McConnell ever call you and ask you if 3 you believed that AHERF should -- at October, 4 1996, begin writing off accounts receivable? 5 A. No. 6 Q. Prior to writing off the accounts receivable in 7 fiscal year 1997, did you check on the amount 8 of bad debt reserves that AHERF had? 9 A. No. 10 Q. And previously you told me that if you were to 11 make a judgment about whether to write off an 12 account, in your perspective, you would be 13 concerned with what the amount of bad debt 14 reserves were. Is that correct? 15 A. Correct. 16 Q. Whose responsibility would it have been to have 17 the accounts receivable accurately reflected on 18 the financial statements, if you know? 19 A. General accounting. 20 Q. Do you know who in general accounting in 21 particular? 22 A. I don't know who specifically performed the 23 function, but the department was the 24 responsibility of Mr. Spargo. 25 Q. Did you ever tell Coopers &amp; Lybrand that AHERF MANHATTAN REPORTING CORP., A LEGALINK COMPANY</p>	<p>1 A. No. 2 Q. So throughout fiscal year 1996, you never told 3 Coopers &amp; Lybrand that AHERF needed write off 4 accounts receivable? 5 A. No. 6 Q. In fiscal year 1997, did you ever tell 7 Coopers &amp; Lybrand that you believed AHERF 8 needed to write off accounts receivable because 9 they were uncollectible? 10 A. No. 11 Q. In the fall of fiscal year 1997, were you 12 aware -- are you aware that 13 Coopers &amp; Lybrand -- strike that. 14 Do you have any reason to believe in 15 the fall of fiscal year 1997 Coopers &amp; Lybrand 16 was aware of the write-off of the \$80 million? 17 MR. TORBORG: Object to form; the 18 wrong date. 19 MR. DeMONACO: I don't think she's 20 capturing what you're saying 21 MR. TORBORG: I guess I don't know 22 what fall of fiscal year 1997 means. That's 23 why I'm objecting. 24 BY MR. LUFT: 25 Q. Okay. I can put months to it. MANHATTAN REPORTING CORP., A LEGALINK COMPANY</p>

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1 Q. So you have no knowledge of whether AHERF's bad  
2 debt reserves ever increased by \$17.5 million  
3 during fiscal year 1996?  
4 A. No, sir, I do not.  
5 Q. If, in fact, \$17.5 million had been added to  
6 AHERF's bad debt reserve, at least as of this  
7 May 31st, 1996, date, that would cover the  
8 entire amount listed in the total unreserved  
9 column. Correct?  
10 A. For past statute, yes.  
11 Q. Now, I also want to ask you, there were a  
12 number of managed care payors. Correct?  
13 A. Yes.  
14 Q. And about how many would you say?  
15 A. I'm going to estimate 75 to 80.  
16 Q. 75 to 80 managed care payors?  
17 A. Yes.  
18 Q. Each one had a distinct contract with AHERF.  
19 Correct?  
20 A. Yes.  
21 Q. As part of that distinct contract, they each  
22 negotiated a distinct period of time by which  
23 AHERF had to submit its claims on accounts  
24 receivable. Correct?  
25 A. Yes.  
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1 MR. TORBORG: Object to form.  
2 THE WITNESS: Yes.  
3 MR. LUFT: Do you recall if any of  
4 those managed care payors had a period of time  
5 greater than one year to pay?  
6 MR. TORBORG: Object to form.  
7 BY MR. LUFT:  
8 Q. Strike that. Mr. Snow, do you recall if any --  
9 well, strike that.  
10 Mr. Snow, were you privy to the  
11 contracts between AHERF and the managed care  
12 providers?  
13 A. They were available upon request.  
14 Q. And as part of your job heading the patient  
15 financial services group, it was important that  
16 you knew how long AHERF had to submit its  
17 claims?  
18 A. Yes.  
19 Q. Are you aware of any contracts AHERF had with  
20 the managed care provider which allowed for  
21 greater than one year in which AHERF could  
22 submit its claim?  
23 A. Blue Cross is the only thing, and I'm not even  
24 sure on that. Some of the managed care  
25 plans -- Blue Cross could have been up to 18  
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1 months, but I don't remember specifically.  
2 Q. And Blue Cross is the only one in your  
3 recollection which would have allowed for more  
4 than one year to submit a claim of the 80-odd  
5 managed care payors in the Delaware Valley  
6 region?  
7 A. I can't think of any, but at the same time, I  
8 can't remember.  
9 Q. Okay. Mr. Snow, are you aware that -- strike  
10 that.  
11 -----  
12 (Deposition Exhibit No. 8 previously  
13 marked for identification.)  
14 -----  
15 BY MR. LUFT:  
16 Q. I want to show you a document. Mr. Snow, I'd  
17 like to show you what has been marked as  
18 Deposition Exhibit No. 8. Do you recognize  
19 this document, Mr. Snow?  
20 A. Yes.  
21 Q. What is this document?  
22 A. It was a memo from Cancelmi to Stephen Spargo  
23 with restructuring charges earmarked for bad  
24 debt reserves. The essence of it was reserves  
25 were being moved from the Graduate Hospitals  
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1 into AHERF to cover the write-offs that needed  
2 to take place.  
3 Q. And this is an April 14th, 1997, memo.  
4 Correct?  
5 A. Yes.  
6 Q. Do you see on the third page of the document in  
7 the carbon copy section you're listed?  
8 A. Yes.  
9 Q. And do you recall receiving this document?  
10 A. I believe so, yes.  
11 Q. Okay. And I believe, as you just said, in the  
12 first line it says, in an effort to alleviate  
13 the Delaware Valley patient accounts receivable  
14 estimated bad debt reserve shortfall, a  
15 decision has recently been made to record  
16 approximately \$50 million of restructuring  
17 reserves on the various Graduate Hospitals.  
18 Do you recall that \$50 million of  
19 reserves from Graduate were moved to the  
20 Delaware Valley for bad debt reserves?  
21 A. At the time, we were not aware of where the  
22 reserves were coming from, but we knew that  
23 monies being -- we had received phone calls  
24 stating that it was okay to start writing some  
25 of the accounts off in question.  
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1 Q. If I can read the sentence after the one I just  
2 said, it says, in turn, these reserves will be  
3 transferred over to the AHERF Delaware Valley  
4 hospitals via intercompany account transfers  
5 which will serve to increase the hospital's bad  
6 debt reserve balances.

7 Now, those two sentences informed you  
8 that the reserves from coming from Graduate  
9 Hospitals and going to the Delaware Valley  
10 hospitals. Is that correct?

11 A. That's correct.

12 Q. So as of the time of your receipt of this memo,  
13 you were aware of where the reserves were  
14 coming from. Correct?

15 A. I remember seeing this memo in one of the  
16 depositions. I do not remember seeing it at  
17 the time when the memo came out.

18 I had received a call one day from  
19 Mr. Dionisio saying that it was okay to start  
20 writing off a portion of the accounts that had  
21 been previously referred to.

22 At a later time it came to our  
23 attention that the monies had come from  
24 Graduate.

25 Q. As we noted, you're CC'd on this memo.  
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1 Q. Did anyone at AHERF ever express to you that  
2 they did not believe that this transfer was  
3 proper?

4 A. No, not to my recollection.

5 Q. Did you ever become aware of the transfer of  
6 reserves from the Graduate Hospitals to the  
7 Delaware Valley in addition to the \$50 million  
8 indicated in the April 14th, 1997, memo?

9 A. To the best of my knowledge, yes.

10 Q. So you never were aware of any additional  
11 transfers beyond \$50 million from the Graduate  
12 Hospital to the Delaware Valley?

13 A. To the best of my knowledge, no.

14 Q. So you would have never discussed any transfers  
15 beyond the initial \$50 million?

16 A. Again, to the best of my knowledge, no.

17 Q. Okay. Now, did you ever discuss the transfer  
18 of reserves from the Graduate Hospitals to the  
19 Delaware Valley with anyone from  
20 Coopers & Lybrand during the fiscal year 1997  
21 audit?

22 A. No.

23 Q. Did you ever discuss it with them during any  
24 point in time during fiscal year 1997?

25 A. No.  
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1 Correct?

2 A. Yes, I am.

3 Q. Do you have any reason to believe you did not  
4 receive this memo around the time it was  
5 written on April 14th, 1997?

6 A. No.

7 Q. And if you received it, you would have been --  
8 you would have understood the first paragraph  
9 of it to tell you that reserves from Graduate  
10 Hospital were being transferred to the Delaware  
11 Valley hospitals?

12 A. Yes.

13 Q. Did you ever discuss the transfer of the  
14 \$50 from the Graduate Hospitals to the Delaware  
15 Valley hospitals in fiscal year 1997?

16 A. To the best of my knowledge, no.

17 Q. Did you ever discuss it with anyone in fiscal  
18 year 1998?

19 A. To the best of my knowledge, no.

20 Q. Did you have any belief at the time you read  
21 this memo or you were alternatively informed  
22 about the transfer of reserves from Graduate to  
23 the Delaware Valley about whether this transfer  
24 was proper or not?

25 A. No. I never had any discussions of that kind.  
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1 Q. Did you ever discuss the transfer of reserves  
2 from the Graduate Hospitals to the Delaware  
3 Valley with anyone from Coopers & Lybrand?

4 A. No.

5 Q. Are you aware of anyone at AHERF who did  
6 discuss the transfer of reserves from Graduate  
7 to the Delaware Valley hospitals with -- strike  
8 that.

9 Are you aware of anyone at AHERF who  
10 did discuss with Coopers & Lybrand the transfer  
11 of reserves from the Graduate Hospitals to the  
12 Delaware Valley hospitals?

13 A. No.

14 Q. Mr. Laing, I believe earlier you mentioned --  
15 MR. DeMONACO: Mr. Snow.

16 BY MR. LUFT:

17 Q. Mr. Snow. I'm sorry about that.

18 I believe earlier you mentioned  
19 Mr. Laing worked for you.

20 A. Yes, he did.

21 Q. And that he was someone you hired.

22 A. Yes.

23 Q. Do you recall if during fiscal year 1997

24 Mr. Laing was ever involuntarily committed by  
25 the State of Pennsylvania?

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